



# Tax Increment Financing District Program

TIF District Financing Plan Instructions

**Vermont Economic Progress Council**  
Deane C. Davis State Office Building, 6th Floor  
1 National Life Drive  
Montpelier, VT 05620-0501  
(802) 798-2221

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## TIF FINANCING PLAN INSTRUCTIONS

### **General Instructions:**

If VEPC approves a TIF District application and thereby authorizes a municipality to retain and set aside incremental education property tax revenues to finance TIF District public infrastructure debt, the municipality must begin to incur indebtedness for TIF District infrastructure within five years from the date the TIF District was created by vote of the municipal legislative body. If debt is not incurred within five years, the municipality must seek re-approval of their TIF District Plan by VEPC (24 VSA § 1894(d)).

Before debt can be incurred, VEPC must review a TIF Financing Plan and assure that the plan is consistent with the TIF District Plan as presented by the municipality and approved by VEPC.

The TIF Financing Plan can be submitted by the municipality and considered by VEPC concurrently with the TIF District Plan. Alternatively, the TIF Financing Plan may be submitted separately, after VEPC makes a determination regarding the TIF District Plan.

Only after a TIF financing Plan is approved by VEPC (either concurrent with a TIF Plan or separately), the municipality must seek approval of the municipal voters to authorize the municipal legislative body to pledge the credit of the municipality for TIF District infrastructure debt (24 VSA §1894(h)).

Notice of the municipality's intent to pledge the credit of the municipality for TIF District purposes must include a notification to taxpayers that if the tax increment received by the municipality from any property tax source is insufficient to pay the principal and interest on the TIF District infrastructure debt in any year, for whatever reason, including a decrease in property value or repeal of a state property tax source (unless determined otherwise by the General Assembly at the time of such repeal), the municipality shall remain liable for full payment of the principal and interest for the term of the indebtedness (24 VSA §1894(i)).

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### Filing Instructions:

- A complete TIF Financing Plan must be filed before 4:00 p.m. of the due date for the monthly meeting at which you would like the Financing Plan to be considered. The VEPC monthly meetings are normally on the last Thursday of the month and the application due date is the preceding first Friday of the month. To be certain of VEPC meeting dates, which are subject to change, check VEPC's meeting calendar or contact VEPC staff:

<http://accd.vermont.gov/economic-development/programs/vepc/VEPCMeetingScheduleAgendasMinutes>

- If application volume warrants, VEPC may schedule a special meeting.
- The TIF Financial Plan must be considered administratively complete by VEPC staff to be placed on the VEPC meeting agenda. If the submitted Plan is incomplete, the missing elements must be submitted before the next due date to be included on the agenda for the next scheduled VEPC meeting.
- **IMPORTANT:** The TIF Finance Plan Forms must be submitted as a fillable PDF, the TIF District Data Workbook in MSEXcel format, and the application narratives in MSWord (**not** PDF). Supporting documents, such as correspondence, studies, reports, etc. may be submitted in .pdf format or applicant may provide a URL location for large documents if the document is posted on the web. Also, refer to the special instructions below regarding maps.

To submit a Finance Plan, all documents and supporting materials must be posted to the TIF Application Sharepoint site by the applicant. For instructions on establishing access and use of the TIF Application Sharepoint site, click the URL below. The process to establish a Sharepoint account can take a few days, so start the process to establish a Sharepoint account well before the application due date. All application material will be converted to PDF format by VEPC staff and posted on the VEPC-TIF District website under the heading set up for the municipality.

Sharepoint Instructions: [http://dii.vermont.gov/sites/dii/files/PDF/Support/SP-External-SP-user\\_instructions.pdf](http://dii.vermont.gov/sites/dii/files/PDF/Support/SP-External-SP-user_instructions.pdf)

TIF Sharepoint Site: [https://vermontgov.sharepoint.com/sites/ACCD/Programs/tif-districts/\\_layouts/15/start.aspx#/SitePages/Home.aspx](https://vermontgov.sharepoint.com/sites/ACCD/Programs/tif-districts/_layouts/15/start.aspx#/SitePages/Home.aspx)

VEPC TIF District Website: <http://accd.vermont.gov/community-development/funding-incentives/tif>

- If the TIF Financial Plan refers to a study or report, and the report is *not* available on the Internet, include a copy of the entire study or report, *not just the section to which the Plan referred*. If the report or study is available on the Internet, provide just the URL, and indicate the page number for the information referenced.

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## **SPECIAL INSTRUCTIONS REGARDING MAPS**

All maps must be submitted in two electronic formats (PDF and shapefile). The PDF must include a map label, date produced, key, scale, and compass. If you need to show several boundaries (i.e. tax parcels, municipality, Downtown, Growth Center, etc.), layers, or other attributes, you may submit one PDF map showing several layers and/or boundaries on one map, but you must also submit a shapefile for each layer and/or boundary. Each map must include the proposed TIF boundary in addition to the other boundary or attribute you are displaying.

A shapefile is made up of .shp, .dbf, .prj, and .shx files. Each map layer or boundary submitted must include a zipfile containing all these elements of a shapefile.

The map provided to indicate the official TIF District boundaries (5G) must include parcel boundary shapefiles including an attribute for SPAN numbers that match the parcel listing for the TIF District Data Workbook (Dataset 5H).

Also, indicate on TIF Form 1 the name and contact information for the person we can contact regarding any map issues.

## **SPECIAL INSTRUCTIONS REGARDING CALCULATIONS**

### **Calculating TIF revenue projections:**

In order to approximate future property tax revenue generated by property development and improvements, you must enter future tax rates in Dataset 5M- Annual TIF Revenues in the TIF District Data Workbook.

For the future municipal tax rates, keep two things in mind:

- Statute (24 VSA §1896(c) requires that *all* property taxes assessed by the municipality be subject to the share between the TIF District debt and the intended purpose of the tax assessment. The only exception is for tax assessments levied under Chapters 76A or 87 of 24 VSA if the proceeds are used exclusively for operating expenses and not for improvements within the District. If the municipality assesses tax rates other than the main general fund rate, such as for a library or other use, the revenues generated by that assessment must also be shared with the TIF District. When entering the current and future municipal tax rates in Dataset 5M, be sure to include those rates in the municipal rate.
- The municipal rate should escalate or decline over time by including a factor to determine any increase or decrease in the tax rates for municipal property taxes. The municipality should estimate the municipal tax rate for future years based on historic data and/or the advice of listers or assessors or consultants. Or, the factors used in the Education Tax Rate can be utilized by the municipality.

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The Education Property Tax rates will include a factor to adjust the future rates according to the Consensus Budget Forecast.

### **Timelines and Deadlines:**

Take the following into account when preparing any revenue projections:

- Regardless of when during the calendar year the municipal legislative body votes to create the District, the TIF District is created effective April 1 of the year so voted. If the body votes to create the District on October 15, 2017, the TIF District exists as of April 1, 2017. If they vote on March 15, 2017, the TIF District exists as of April 1, 2017.
- The “original taxable value” (OTV) or base value of the TIF District is determined by the grand list value of the parcels within the District for April 1 *of the year created*.
- The municipality must incur TIF District debt within five years after the District is created or the District is terminated, unless the municipality submits and VEPC approves a request for an extension. Note that “incurring” debt means issuing a bond or executing a debt instrument; it does not refer to the public vote.
- If TIF debt is incurred within five years from the creation of the TIF District, the municipality has a total of ten years to incur all TIF District debt.
- The first incurrence of TIF District debt triggers the retention of Education Property Tax increment. Regardless of the date during the calendar year that the debt is incurred, retention of Education Property Tax increment begins with the grand list for April 1 of the year the debt was incurred. If the District is created on October 15, 2018, the Original Taxable Value is the Grand List of April 1, 2018. If first debt is incurred on March 15, 2020, the first increment is retained by comparing the grand list value for April 1, 2020 to the OTV (Grand List April 1, 2018). If first debt is incurred on October 15, 2020, the first increment is retained by comparing the grand list for April 1, 2020 to the OTV (Grand List April 1, 2018).
- The municipality may retain increment for 20 years starting with the grand list as of April 1 of the year the first debt is incurred, not the year of creation.
- Any TIF debt incurred during the 10 years following creation of the District may be retired over any period authorized by the municipal legislative body.
- *Only* debt incurred during the ten-year period after the creation of the TIF District can be financed using *education property tax* revenues retained and escrowed in the TIF Fund during the 20–year retention period that begins when the first debt is incurred. If TIF debt is incurred *after* the ten-year period following the creation of the TIF District, it must be financed with only incremental municipal property taxes or by other means.

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Therefore, when projecting the revenues that will be available to service TIF debt, account for:

- The period between creation and the incurrence of TIF District debt: Do not start calculating increment the year after creation. Start increment the year you project first debt will be incurred. You will enter the year the TIF District was created and a projected year of initial debt in Tab 1 of the TIF District Data Workbook. The year of initial debt will automatically impact several other worksheets in the workbook.
- The period during which infrastructure improvements occur: Assume a period of delay for private investment due to construction of infrastructure.
- Any period during which property values may decrease (i.e. due to elimination of blight): If the project involves demolition of properties for infill development, be sure to account for loss of revenue until the new development occurs and is placed on the Grand List.
- The period during which private development is occurring until full values are attained: Some developments will take several years to complete and the full value will not appear on the Grand List until a year after completion.

**Line-by-Line Instructions and Form:**

The TIF Financing Plan must contain the following elements. Enter an “X” to indicate that each element is attached.

- FP1: A cover letter signed by the same municipal officials that signed the TIF District Application, transmitting the TIF Financing Plan to VEPC. If the signatories are different from those that signed the TIF Plan application, explain why.
- FP2: A narrative describing any major differences or changes between the TIF District Application and the TIF District Financial Plan, including exclusion, addition or major changes to any infrastructure projects or real property developments, changes in the plan for debt, changes in the other sources of revenue, or changes to the circumstances under which the application approval criteria were addressed and met.
- FP3: An updated map of the municipal, TIF District, and any other designated area boundaries.
- FP4: An updated TIF District Data Workbook that highlights any changes made to the Workbook compared to the Application.
- FP5: If not available when the TIF District Application was submitted, a certification of the Original Taxable Value as of April 1 of the first year after the TIF District was created by the municipality.
- FP6: Any other information relevant to understanding the TIF Financial Plan.