



VERMONT ECONOMIC PROGRESS COUNCIL
DRAFT – COUNCIL APPROVAL REQUIRED AT NEXT MEETING

DRAFT - MEETING MINUTES
AUGUST 29, 2024
HYBRID
9:30 A.M. TO 12:00 P.M.

Members Attending In-person: Chair John Russell; Jamie Stewart; Michael Keane; Mark Nicholson

Members Attending Virtually: Kim Gobeille, Rep. Stephanie Jerome, Mike Donohue; Rachel Smith.

Members Absent: Heather Chase; Sen. Wendy Harrison, Thad Richardson

Staff Present: Jessica Hartleben, Executive Director; Ellie Beckett, Program Manager

Others Present: Chloe Wexler, Analyst, Property Valuation and Review Division, Vermont Department of Taxes; Jill Remick, Director, Property Valuation and Review Division, Vermont Department of Taxes; Sam Anderson, Greater Burlington Industrial Corporation; Alex Demoly, Greater Burlington Industrial Corporation; Barbara Murphy, Northwest Regional Planning Commission; Judith Barbera, State Auditor's Office.

9:32 a.m. Roll Call and Agenda Review

Chair John Russell called the meeting to order. Members attending and present in person or virtually are noted above. Chair John Russell inquired as to any additions or deletions to the agenda, hearing none, moved on to the next agenda item.

9:33 a.m. Minutes – June 27, 2024 Regular Meeting

Chair John Russell inquired as to any corrections or changes to the draft meeting minutes for the June 27, 2024, Regular Meeting. Hearing none, requested a motion. Jamie Stewart moved to accept the minutes of the June 27, 2024, Regular Meeting. Michael Keane seconded the motion. Chair John Russell inquired as to further discussion, hearing none requested a vote. The motion passed unanimously. 8-0-0

9:35 a.m. Public Comment

Chair John Russell inquired as to whether any members of the public present wish to provide public comment or announcements. Hearing none, the Council moved to the next agenda item.

9:40 a.m. Tax Increment Financing and the Grand List

Chloe Wexler, an analyst from the Property Valuation and Review (PVR) Division of the Vermont Department of Taxes presented a high-level overview on how TIF increments are calculated to the Council.

- PVR hosts a statewide data and software system to collect the education property values from each municipality per 32 V.S.A. §5404(b) and to implement the statewide education property tax system. This system facilitates the collection of municipal and education property tax and is used by every municipality in the state.
- In addition to compiling, aggregating, and publicizing the statewide grand list data, this system manages all data required to generate and issue property tax bills, including but not limited to current use enrollments, homestead declarations, statutory and locally voted exemptions, tax increment financing districts, and tax rates.
- Mechanically, the TIF program is provided as a property tax exemption. VEPC is not uniquely sending money to the towns but rather PVR is administering an exemption to the town's education grand list which enables them to remit less money than they were previously obligated to the State education fund.
- PVR's involvement in the certification process to ensure that all the parcels and values identified are consistent with the final grand list as submitted by the town.
- Once parcels are finalized, all the parcels are recorded in the State's grand list software.

Example:

- When a TIF district is created the original taxable value (OTV) is determined, this is the value of all property within the district prior to any development. OTV = \$500,000
- Each year the current taxable value of all properties in the TIF district is compared to the OTV to determine the increment.
- Current Value = \$750,000; OTV = \$500,000; Increment = \$250,000
- If the increment is positive the municipality is eligible to retain a percentage of the property tax revenue generated on the increment in a TIF fund.
- Increment = \$250,000; Retention= 70%; Tax Rate = \$1.5 Property Revenue = $\$250,000 * 70% * \$1.5 = \$262,500$

Kim Gobeille asked how often reporting was done

- Reporting is done on multiple levels
- Every year the towns receive reports from PVR that enable them to determine TIF revenues for a given year after the Grand List is finalized

- VEPC does annual report for the Council and Legislature which always lags one Fiscal Year

Judith Barbera clarified that there are two tax rates used by towns that are part of the calculation, one for homestead and non-homestead properties.

Jamie Stewart inquired about the current climate, in which there is an unprecedented increase in property value without development. Does this impact increment?

- Chloe clarified that the education tax rate is factored with the municipality's common level of appraisal (CLA) which will equalize the appreciation.
- Chair John Russel also note that excess funds go back to the Education Fund and the amount retained can be adjusted.

Rep. Stephanie Jerome asked, with the increased focus on education fund, if PVR was working with the Commission for the Future of Education in Vermont. PVR responded that some team members are present but Chloe and Jill are on the sidelines giving info as needed

- Chloe noted that PVR annually calculates the cost of TIF program to Education Fund, which is around \$8 million.

John Russell emphasize how a lot of TIFs have taken shrinking and stagnant grand lists and now we are seeing them grow; there's additional impact on the Education Fund for not doing TIF financing.

- He pointed out that there is discussion nationally around TIFs and "but-fors," which is one of the primary purposes of this Council. Examples cited for effective but-fors in Vermont include Killington, who could not move forward for 30 years but now can because of their TIF and St. Albans had industrial property that needed brownfield cleanup that would not occur privately.

10:20 am. Executive Director Updates

Executive Director Jessica Hartleben provided the following updates to the Council:

- Retreat Planning
 - The Retreat is on track for Wednesday, 10/30 at Bolton Valley Resort
 - It will focus on TIFs, and Toby Rittner, the Executive Director of CDFA will help us through the agenda for the day. We are finalizing the agenda with Toby next week. He will also be bringing in another nationally recognized TIF expert.
 - It will be important to have council members understand TIF uses nationally, and creative uses in rural communities.

- For past retreats, VEPC has invited members of the money committees and RDCs. We will open/advertise portions as a Webinar to the general public/municipalities so they can learn more about how TIFs might be able to help in their communities.
 - The Agency is working on proposals now that the Administration will review to put forth around different types of TIF programs that could be utilized. Right now, Vermont only has this one, the Administration is starting to think outside the box for how it could be used in smaller communities for housing, brownfields, etc. More to come!
 - There will also be a potential panel presentation from current TIF districts
- Notice from the State Auditor's Office (SAO) – VEGI Background Growth
 - VEPC received notice from the SAO that they intend to conduct a full GAGAS performance-based audit to examine one component of the cost-benefit analysis; the background growth rate. They want to compare the difference in potential incentives between the company-specific rate and the industry rate. The SAO would like to use the legislative economist as their specialist to carry out that modeling.
- Summer VEGI Visits
 - Ellie and Jessica spent the month of July visiting about a dozen VEGI awardees to hear from them about the impact and importance of the program. It was unanimous that awardees would 1) not have taken on their projects, 2) have taken significantly longer, or 3) likely not be operating in Vermont. Many of these businesses received other offers from other states, but with the awards we've provided they felt valued by Vermont and expressed that it was important to be able to stay in VT and these awards allowed for that to happen. It was good to see the positive impacts on the communities of these projects.
 - Visited businesses in Windham, Washington, and Chittenden
 - Criticisms from business included a lack of available housing.
- VEGI Annual Report
 - The 2024 VEGI Annual Report will be submitted by Tuesday.
 - VEGI is taken from the tax expenditure budget, it's essentially a refund of their withholding taxes from the Dept of Tax. In 2022 (current report data) it was about \$2.4m.
 - For the 2022 claim year, 454 qualifying jobs were created, \$34m in additional payroll was generated. The average wage for these 454 jobs is \$76.2k. There was about \$23.5m in new qualifying capital investments.

- Mark Nicholson noted it's commendable to grow these types of jobs here
- John Russell opine that a lot of Vegi applicants are new tech, which keeps our state competitive

- Potential TIFs – Rutland and Newport
 - Newport – Jessica Hartleben and Joan Goldstein met with Newport over the summer. They are working with a consultant to do their economic analysis.
 - Rutland – The City of Rutland and their consultants met with Jessica Hartleben and Ellie Beckett to discuss a potential TIF

- Ethics Training reminder
 - All council members are required to take, please take before next meeting where we'll have a presenter on it

- Upcoming/Other
 - Open meeting law – We'll bring someone in to discuss the recent changes to the state's open meeting law. Based on current schedules, this may occur in December or January
 - The Council may have a new VEGI applicant to consider in September
 - Fall TIF visits – these will likely occur in November. We'll invite council members and legislative members so the district can show us how they've used increment and grown grand lists

At 10:43 a.m. Michael Keane moved to adjourn the meeting. Michael Donahue seconded the motion. Chair John Russell requested a vote. All voted in favor and the motion passed. 8-0-0.

Minutes taken by Ellie Beckett: August 29, 2024
Revised by Jessica Hartleben: September 3, 2024
Approved by the Council: