



## VERMONT ECONOMIC PROGRESS COUNCIL

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### MEETING MINUTES FEBRUARY 13, 2025 HYBRID 9:30 A.M. TO 12:00 P.M.

**Members Attending In-person:** Chair John Russell; Rep. Abbey Duke; Michael Keane;

**Members Attending Virtually:** Rachel Smith, Mike Donohue, Thad Richardson; Mark Nicholson, Jamie Stewart, Heather Chase (joined during executive session)

**Members Absent:** Wendy Harrison, Kim Gobeille

**Staff Present:** Jessica Hartleben, Executive Director; Ellie Beckett, Program Manager (virtual)

**Others Present:** Marji Smith, Imagetek MFG, Board member; Mark Hathaway, ImageTek MFG, president; Gene Birmingham, ImageTek; Bob Flint, Springfield Regional Development Corporation; Barbara Murphy, Northwest Regional Planning Commission; Jeff Carr, Executive Branch Economist/EPR; Brett Long, DED; Tim Tierney, DED

#### **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 – December 12, 2024**

Chair John Russell inquired as to any corrections or changes to the draft meeting minutes for the December 12, 2024 meeting. Hearing none, requested a motion. Michael Keane moved to accept the minutes of the December 12, 2024, Regular Meeting. Mike Donohue 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.

#### **9:45 a.m. Vermont Employment Growth Incentive – ImageTek MFG – Initial Application**

Representatives from ImageTek MFG presented their initial VEGI application.

At 9:43, Michael Keane moved to enter Executive Session under 1 VSA § 313(a)(6) to discuss a VEGI application and its related trade secrets concerning confidential business planning and prospective investment records and information protected from public disclosure under 32 VSA § 3341 and 1 VSA 317(c)(9). Jamie Stewart seconded the motion. The motion was approved unanimously 8-0-0.

The Council returned from Executive Session at 10:58.

Michael Keane moved that the Council approve the initial VEGI Application, filed by ImageTek MFG for a project located in Springfield. He moved that the Council find that:

- The new revenue the proposed project generates to the State exceeds the costs of the activity to the state by \$134,155 prior to consideration of the LMA Enhancement;
- The company is not a party to any State action;
- The applicant does not operate in a limited, local market, and the incentive would not give the business an unfair competitive advantage over other Vermont businesses in the same or similar line of business; and
- As certified in their application and during testimony before the Council, company officers have provided compelling information and arguments that but for this incentive the proposed economic activity would not occur in Vermont, or would occur in a significantly different and less desirable manner.

And therefore, the Council approve the Initial Application of ImageTek MFG. giving an initial authorization of VEGI incentives of up to \$360,313 with an estimated incentive of \$343,985 based on the application data, for activity to commence June 1, 2025, subject to the host municipality welcoming the new business, the proposed economic activity conforming to applicable town and regional plans; and submittal of a Final VEGI Application. Jamie Stewart seconded the motion. All members approved the motion. The motion passed unanimously 9-0-0.

#### **LMA Enhancement:**

Michael Keane moved that the Council utilize the authority given by 32 VSA §3334 to approve an increased incentive level for businesses located in a qualified LMA, such as Springfield, using an estimated 100% of the available net revenue benefit, with a maximum incentive of up to \$450,253 and an estimated incentive of \$429,850 thereby reducing the estimated net revenue benefit to \$73,851. Jamie Stewart seconded the motion. All members present approved the motion. The motion passed 9-0-0.

### **11:00 am. Executive Director Updates**

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

- Legislative Updates
  - Jessica has been testifying over the last couple weeks. She, Commissioner Joan Goldstein, and Deputy Commissioner Brett Long have been testifying about the administration's new SPARC proposal. It's a project-based TIF model designed to help smaller communities. In this version, municipalities would work with builders and the two parties would create community agreements. The a portion of the increment generated from the private development could be paid back to the developer. This seems to be an easier and often more attractive way for municipalities to get projects off the ground because it removes risk from municipalities by removing the necessity to bond. It could be a way for smaller municipalities to bring housing and other development into rural areas of the state.
  - Brett explained it was structured this way in part because of the CRRP program and described a housing project in Middlebury that is in the midst of new housing development. The town applied for CRRP to help fund the improvements, but seeing the application we can see the need, there's a developer interested in doing it, but help is needed to finance infrastructure improvements. In CRRP the town was able to pass the benefit through to the developer to do the infrastructure project, and upon completion the infrastructure will be given to the town.
  - There is a huge need for housing, and here is a tool that could help. As opposed to regular TIF, the developer could undertake the debt and the risk of eventual repayment.
  - There's a role for VEPC in approving the community agreements. They would come to council and similar to TIF would need to prove feasibility, readiness, and the but-for.
  - The Administration has asked for removal of 2-per county cap and 6-per state cap. The administration does not see a reason to cap TIFs given we have not used the ones given in 2017.
    - If 2-per county cap were lifted, there are places that would be able to have one? Yes, Killington and Rutland would cap that county, and Fair Haven is interested.
  - John Russell noted that given chaos federally, this is a way we can improve infrastructure without reliance on federal funds. It allows communities to be entrepreneurial.
  - Brett stated that it is difficult for developers to take over the infrastructure piece on their own. The change in education funding impacts this too; without the state system these are funds that may have been available to do this.

- Jessica encouraged VEPC Council members to talk to their legislators about the TIF work and the needs in our smaller communities- this makes a big difference.
- Brett stated that there's an opportunity for legislators to receive a more complete report from JFO on TIF impacts. There are some simple cash flow calculations that could be made to speak to the return on investment of closed TIFs. Their current model is narrow.
- Jeff Carr spoke more to the modeling, he shared that JFO is required to report a consensus report on the amount of equalized grand list for TIF that have reduced from the education fund. JFO takes it further, and then does a tax expenditure analysis; if that amount is not on the list, how much does that represent in the way of reduced spending capacity for state education fund? Jeff disagrees with this second step. He thinks it would not take a lot of work to get to a ROI, but the only issue with that is we'll get into a fight over "but-for" and they won't believe the figures.
- Jessica relayed that the Governor did press JFO on the consensus estimate's assumption that all the activity would have occurred, which is the worst-case scenario. When the best-case scenario is assumed, the net result was positive.
- John Russell discussed how there is not a tax base out there to improve infrastructure; there weren't enough federal funds before, there definitely aren't now, the legislature won't allocate it. We need to reinvest in infrastructure, whether it's a giveaway or not, it allows communities to reinvest in communities and reset for the next 50-75 years. There are benefits beyond the narrow ed-fund number crunching.
- Rep. Abbey Duke notes that there is a lot of positive sentiment around TIF and SPARC currently in the legislature. There seems to be broad support in general. The strategy should include more community stories, not a spreadsheet. Visuals are powerful.
- Brett concurred, and noted Hartford is another good example. It's hard to tell a story over a long period of time. It's not limited to 3 buildings on Prospect – there's new housing in White River Junction as a result of the TIF work that was done. It's a great story and smaller community.
- Brett asked Jeff if there is an opportunity to demonstrate the new construction grand list growth compared to other towns?
- Jeff weighed in that where the departure happens is using the State of Vermont as a whole as the objective function. He used the St. Albans TIF hotel in downtown as an example. The argument is that state doesn't care where the location is, because the alternative would have been on the interstate or Burlington. He doesn't agree, and thinks there is benefit to building where they did because it's where infrastructure is, people can walk, and there is ancillary development around it. In terms of fiscal equation though, it loses the argument when it says the hotel is better in downtown on purely economic benefit.

- Rep. Abbey Duke expressed that this is why the stories are important; legislators care about land use and building communities.
- TIF Annual Report
  - Coming in March
- Killington TIF
  - The \$25m raise grant has been temporarily paused, resulting in a pause of phase 2 of their project.

**At 11:41 a.m.** Michael Keane moved to adjourn the meeting. Hearing no opposition, the meeting adjourned at 11:41am.

*Minutes taken by Ellie Beckett: February 13, 2025*  
*Revised by Jessica Hartleben: February 14, 2025*  
*Approved by the Council: February 27, 2025*