

## TAX STABILIZATION POLICY

### CITY COUNCIL

### CITY OF BARRE, VERMONT

#### I. STATEMENT OF PURPOSE

The primary objective of the Barre City Tax Stabilization Policy (the "Policy") is to promote the vitality and growth of the local economy while expanding the property tax base of the City for the long term public benefit of all residents and all taxpayers of the City of Barre. Tax stabilization is one method that can be utilized to help achieve this objective; and to this end, industrial and commercial enterprises and expanded multi-family residential real estate projects should be encouraged.

#### II. AUTHORITY

The City Council has the authority to adopt this Policy and has general authority to approve tax stabilization contracts relating to eligible projects involving the development of or renovations to industrial and commercial enterprises and expanded multi-family residential property (the "Project or "Projects") as application is made as a result of an action taken by the voters of the City of Barre at the Annual City Meeting held on March 3, 1987 and on March 1, 2005. Authority is further granted by the City of Barre Charter, Article II, Section 322, and by Vermont State Law Title 24 V.S.A. Ch. 75 §2741 et. seq.

#### III. GENERAL CRITERIA

- A. Tax stabilization contracts (hereinafter referred to as the "Stabilization Agreement" or the "Agreement") will be awarded only to eligible Projects that substantially advance the purpose of the Policy after thorough consideration by the City Assessor, City Manager, and City Council of the municipal benefits of a Project as presented by an Applicant.
- B. In the event that an Applicant wants to have an Agreement go into effect on July 1<sup>st</sup> of the upcoming fiscal year, then a written application must be filed before April 1<sup>st</sup> in order to consummate an Agreement by June 1<sup>st</sup>. Applications will be accepted at any time during the year.
- C. Applications ***must be received and approved*** before construction can commence on the property.
- D. All Projects shall be reviewed by the City Council and shall substantially meet the following criteria where applicable to the particular property or Project:
  1. Creation of new jobs or retention of existing jobs. Greater weight will be given to jobs with wages meeting or exceeding the local Labor Market average, and benefits;
  2. Creation of new or renovation and improvement of residential property;

3. Elimination of blight, improvement of aesthetics, and preservation of historic structure;
4. Adding to the greater good including, but not limited to, environmental hazards such as hazardous waste, noise, dust or odor;
5. Increasing accessibility of entrances, common areas, lavatories, and parking lots for people with disabilities;
6. Promote land use and development that maintains or enhances quality of life and community character, as outlined in Barre City Unified Development Ordinance Section 1003.A(4);
7. Implementation and commencement of operation of proposed new equipment or machinery;
8. Creation, renovation, or repurposing of space resulting in increased licensed childcare access in the City;
9. Impact on municipal services;
10. The Project shall be consistent with the municipal plan.

#### IV. APPLICATION AND COMPOSITION

- A. All Applications are to be made, in writing, to the City Manager using an application form provided by the City, and shall be signed by all owners of the property or Project including all partners, shareholders or members of any entity that owns a property or Project, all of whom shall collectively be deemed "Applicants".
- B. All applications shall include, to the extent practicable and/or appropriate:
  1. Demographic Data:
    - a. Current tax assessed value of the property (include current lister's card and copy of most recent tax bill);
    - b. Site plan showing existing property lines and buildings;
    - c. Scale drawing of all proposed construction detailing the square foot area, building height, number of stories, and the proposed use of all space;
    - d. Written estimate of construction costs provided by contractor(s) expected to perform the work.
  2. Employment data, current and projected if applicable.

3. A five (5) or ten (10) year Return on Investment (ROI) Table that estimates the Tax Stabilization and tax revenue projection for the project. ROI Table length is dependent on improvement totals and contract length.
4. Any other information necessary to evaluate the proposal according to the criteria above.
5. A non-refundable, \$250 application fee shall be submitted with the application.

V. CONTRACT TERMS

- A. Stabilization Agreements are negotiable, may be awarded at the discretion of the City Council, and shall be based on an incremental increase in taxes based on the increase in assessed value due to the project pursuant to a formula established by the City Assessor *as presented below and as may be amended from time to time* and approved by the City Council in order to carry out the intent of this Policy.
- B. An approved Stabilization Agreement shall be for a specified number of years based on the amount of provable investment in the Project and shall adhere to the following schedule:
  - 1: 1 to 3 years for \$50,000-\$99,999 improvements;
  - 2: 4 years for \$100,000-\$199,999 improvements;
  - 3: 5-10 years for a project involving improvements of \$200,000 or more with the length of time to be determined at the discretion of the City Council after consideration of the recommendation of the City Assessor and City Manager.
- C. The tax Stabilization Agreement will include all of the municipal portion of the taxes and a percentage of between 0 and 100 percent of the education portion of property taxes. Barre Area Development will work with qualifying applicants, if it is deemed beneficial, to apply through the Vermont Economic Progress Council for additional real property tax stabilization from the State Education Tax.
- D. The City Council reserves the right to identify City prioritized areas and can thus award a bonus percentage of the education portion of the taxes to the Applicant's Project.
- E. A termination and rollback clause shall be included in the Stabilization Agreement providing for termination of the Stabilization Agreement by the City Council and repayment of all taxes that would have been due in the absence of a Stabilization Agreement plus applicable penalties and interest proscribed below, required to be repaid effective as of the date of final determination made by the City Council hereunder. This termination and rollback clause may be invoked by the City Council upon the recommendation of the City Assessor or Barre City Manager in the event that during the term of the Stabilization Agreement:

1. There is a material change in the use of the property or in the nature of the Project;
  2. The property or Project is sold or transferred to any person other than the original Applicant or Applicants, is abandoned, moved, or the Applicant files for bankruptcy;
  3. The Project does not comply with the terms of the Agreement, or the Project is not completed as it was presented during the application process;
  4. Property tax payments on the property become delinquent;
  5. The Project fails to comply with any zoning, building, plumbing, electrical, life safety codes or ordinances;
  6. The Agreement is terminated at the request of the Project owner/Applicant.
- F. In the event that the City Council takes action to (i) terminate the Stabilization Agreement; or (ii) terminate the Stabilization Agreement to invoke the rollback clause, then the Applicant shall be granted a public hearing before the City Council. This public hearing shall be duly warned with 30 days' notice and with 30 day written notice given to Applicant. During the hearing the City Council will consider testimony from the Applicant as to the reasons why the Stabilization Agreement should not be terminated and why the rollback clause should not be invoked. At the conclusion of the hearing, the City Council may terminate the Stabilization Agreement upon giving to the Applicant not less than 30 days prior to termination, written notice of their findings and basis for the termination. If the Stabilization Agreement is terminated, the property shall be set in the Grand List at its established fair market value as of the date of termination. In addition, if at the discretion of the City Council the rollback clause is invoked, the Applicant shall pay the City, all taxes that would have been due in the absence of a Stabilization Agreement together with a penalty of 8%, and interest at the rate of 12% per annum thereon, less any taxes already paid during the period of stabilization.
- G. Notwithstanding the foregoing, no rollback penalty shall be applied to transfers of the property or Project to someone other than the original Applicant so long as the property or Project is otherwise in compliance with the terms and provision of the Agreement at the time of transfer; however, *the Agreement shall terminate* at the time of such transfer *unless* the City Council in its sole discretion accepts the transferee as a substitute Applicant party under the Agreement.
- H. In the event that the Project owner desires to terminate the Stabilization Agreement with the City, the following shall apply:
1. The Applicant shall submit, in writing, a request to the City Manager, stating the reasons why termination is requested.

2. The City Manager shall review the request and shall forward the request to the City Council for consideration, along with a recommendation to approve or deny the request.
  3. If the request is denied, at the request of the Applicant made within five (5) days of such denial a public hearing shall be held before the City Council. This public hearing shall be duly warned with a 30-day notice and with 30-day written notice given to the Applicant.
- I. The Agreement shall be filed in the City of Barre Land records and shall constitute a lien against the stabilized property or Project and shall be discharged upon payment of all sums which become due by virtue of the Agreement. The lien may be foreclosed in the same manner as provided by Vermont Statutes in the case of statutory state liens.
  - J. If, during the effective life of any Stabilization Agreement, the authority of the City Council to enter stabilization agreements is revoked, then all Stabilization Agreements shall be void as to subsequent contract years following the date of such revocation or court action. Unless sooner terminated by law, pursuant to this Policy or the terms of a Tax Stabilization Agreement as approved, the Stabilization Agreement shall remain with the property for the life of the stabilization contract.
  - K. Upon completion of the Project, the property or Project must be fully compliant with all building and life-safety codes.

## VI. APPLICATION REVIEW AND ADMINISTRATION

- A. All Applicants should be aware that this is a public process, and as such all meetings are open to the public and all information requested in the application becomes public information.
- B. Applicant shall bring the completed tax stabilization application to the City Manager. The City Manager shall give a copy of the application to the City Council for review and to the City Assessor to determine the impact of the proposal on the valuation of the property, and to analyze the tax impact of the proposed Agreement.
- C. The City Manager and City Assessor shall consult with each other and review the application with the Applicant to discuss guidelines established in this policy and provide an estimate of the property assessment upon completion of the project, thus establishing the basis for the tax stabilization percentage and the preparation of a proposed Tax Stabilization Agreement for the subject project.
- D. The City Manager shall place the application and proposed Tax Stabilization Agreement on the agenda for the City Council to review within thirty (30) days of receipt of an application determined to be **administratively complete** by the Manager.

The Applicant, accompanied by the City Manager or City Assessor, shall make a formal presentation of the application to the City Council at an open public meeting of the City Council warned for the purpose of considering such applications.

- E. The City Manager shall make a recommendation to the City Council in open hearing concerning the municipal tax stabilization and rate of the education portion of the property tax to be stabilized, and shall recommend that the application be approved, approved with condition(s), or denied. For Projects also submitted to VEPC for approval, the education portion assessment shall be based upon guidelines set forth by the Vermont Economic Progress Council (VEPC) pursuant to the applicable provisions of Vermont State Law Title 32 V.S.A. § 5930a ©. The City Council shall consider the application and testimony of those in attendance at the hearing and shall take action to approve or deny the application, or request additional information.
- F. If the application is approved by the City Council, the City Manager shall be directed to cause an Agreement to be prepared, in triplicate, to be signed by the City Manager and the Applicant. Original copies of the Agreement shall be filed with the Barre City Clerk in the City of Barre Land Records, in the City Assessors Office, and with the Applicant.
- G. The City Manager shall be charged with administration of the Tax Stabilization Program. This responsibility may be delegated to the City Assessor at the discretion of the City Manager.
- F. At the discretion of the City Manager and/or City Assessor, an Audit of the completed Project may be required to confirm that the Project was completed in accordance with the physical and financial representations made in the Application. In the event material disparities are found between the Application and completed Project, the City Manager and/or City Assessor may make recommendations to the City Council for modification or termination of the Agreement.

Amended as of this 21<sup>st</sup> day of December, 2021

**Adoption History:**

Adopted by the Barre City Council: October 29, 1991

Recommend by the Economic Development Committee for Amendment: September 4, 1996

Amendment by Barre City Council September 9, 1996

Re-drafted/ recommended for approval by Economic Restructuring Committee: Nov. 1, 2007

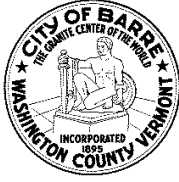
Re-drafted by the City Manager and approved by the City Council: July 22, 2008

Re-drafted by the Barre Area Development, Inc. Executive Director: August 18, 2010

Approved by Barre City Council: December 14, 2010

Revised by Council TS Committee & Approved by Barre City Council: August 6, 2013

Revisions adopted by Barre City Council: December 21, 2021



**Tax Stabilization Request**  
**City of Barre**  
**6 North Main Street**  
**Barre VT 05641**  
**Voice 802-476-0245 Fax 802-476-0264**

**Instructions**

**Follow the guidelines outlined in the Barre City Tax Stabilization Policy. Insert N/A if not applicable**

**Site Information**

Physical Location (E911 Address)

Parcel ID #, Current Assessment

ID # \_\_\_\_\_ Assessed Value \$ \_\_\_\_\_

Current Property Owner Name

Applicant's Name, New Owner

Applicant's Mailing Street Address, City, State and Zip

Applicant's Phone Number

Day: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Applicant's email address

Zoning District

Tax Stabilization Request is for:

Industrial/Commercial  Multi-Family Residential

**PROJECT DESCRIPTION (Describe below as much detail as possible about new construction or renovations to include breakdown of work by trade. Add extra sheets if necessary.)**

**Check List of information to be included in Application:**

- Copies of current Lister's Card and most recent tax bill
- Site Plan showing existing property lines and buildings
- Scaled drawing of construction including floor plans and elevations for the project
- Written estimate of construction costs by Contractor or subcontractors to perform the work

For commercial and industrial projects, please provide company's current employment and estimated post-project employment data: Number of current employees: \_\_\_\_\_ Projected Number: \_\_\_\_\_

In the space below, please provide any additional information that the Applicant believes will assist the city in evaluating and justifying a request for Tax Stabilization in accordance with the City's Tax Stabilization Policy, including the Policy's Statement of Purpose. (Add extra sheets if necessary.)

The Applicant or its authorized agent attest the information provided in this application is accurate to the best of their knowledge.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

If applicable, attach Corporate Resolution authorizing an Agent to sign an application for tax stabilization.

**A Fee of \$250 is due with submission of an application to the City Manager prior to consideration by the City of Barre.**