

# TOWN OF PROCTOR, VERMONT

## TAX STABILIZATION POLICY

In order to attract new business and encourage existing business to expand the voters at the March 5, 2018 Town Meeting voted to give the Selectboard general authority to enter into a Tax Stabilization Contract with owners of new or existing but scheduled to be improve, industrial or commercial properties, not to exceed 5 years, under and pursuant to the authority contained in 24VSA §2741.

### TAX STABILIZATION POLICY, INDUSTRIAL AND COMMERCIAL

#### I. STATEMENT OF PURPOSE

A major objective of the Selectboard is to encourage a strong economy that provides satisfying and rewarding opportunities to meet the needs of the Town's residents, while prohibiting incompatible and uncoordinated development. Tax stabilization is a mechanism by which to realize this objective.

Since stabilization represents a community subsidy of an industrial or commercial property, and the intent of the subsidy is to create a public benefit, it should be granted only after full consideration of its advantages and disadvantages.

Tax stabilization should be used with a particular economic development purpose in mind and not granted on a broad scale. However, in consideration of each stabilization request, the principles of uniformity, fairness and objectivity will be followed as closely as possible.

The Selectboard, in service of these principles, adopts this policy of the use of tax stabilization for industrial and commercial property.

#### II. GENERAL CRITERIA OF ELIGIBILITY

- A. Tax stabilization shall apply only to industrial and commercial buildings, not residential rental property.
- B. Tax stabilization shall be considered for new construction or construction of an addition that exceeds 2,000 square feet or serves to double the floor space, or other significant investment in commercial or industrial property.
- C. All applications for tax stabilization shall be made prior to the start of construction.
- D. All additions to tax stabilized or non-stabilized buildings for which tax stabilization applications are received shall be handled as new construction of only the addition.

#### III. GENERAL CRITERIA FOR GRANTING CONTRACTS

- A. Initial expense to the town.
- B. Potential future expense to the Town.
- C. Total initial capital investment by the Applicant.
- D. Initial and potential new employment.
- E. Environmental effect of Applicant's operation on the community.
- F. Effect on existing taxpayers.
- G. Existing level of unemployment.

#### IV. CONTRACT TERMS.

- A. The length of a tax stabilization contract is five (5) years.
- B. The following formula will be used:

First Year	50% of Fair Market Value
Second Year	60% of Fair Market Value
Third Year	70% of Fair Market Vales
Fourth Year	80% of Fair Market Value
Fifth Year	90% of Fair Market Value

- C. A recapture clause shall be included in the contract, providing for repayment of all taxes, with 18% interest per annum, forgiven by virtue of the stabilization agreement in the event of a failure of compliance or termination of the agreement. This clause shall become operative and recapture shall occur upon the closing of the business within 10 years from the date of the application, by transfer of the business to a new owner who refuses to sign the tax stabilization contract, or bankruptcy of the Applicant. In the event that this clause becomes operative, the real property may not be sold until all tax obligations have been paid.
- D. All owners of a commercial or industrial property and business subject to an application must sign the tax stabilization contract, including partners, co-owners, and any corporate parent company.
- E. The first year of the tax stabilization contract shall begin on the April 1st which follows the official date of completion of construction as certified by the Applicant in writing.
- F. Prior to the first year of the tax stabilization contract, normal taxation procedures shall apply.

V. APPLICATION PROCESS

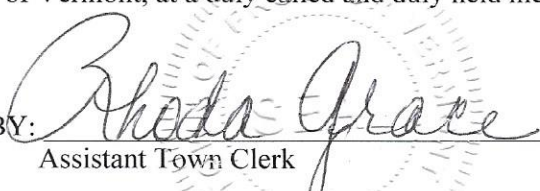
- A. Applications for tax stabilization must be made in writing to the Chair of the Selectboard c/o Town Manager's Office. The application should be clearly marked "Tax Stabilization Application."
- B. Besides a cover letter, applications should include
  - 1. Basic information on the nature and location of the site as well as construction plans, including:
    - a. Site plan showing building(s)
    - b. Scale drawing of construction showing square foot area, height and number of stories, and planned usage of space.
    - c. Estimated construction costs.
    - d. In cases where maps and plans are not readily reproducible, three (3) copies of large maps are requested.
  - C. Copy of all State and Local permits.
  - D. Employment date(s), immediate and projected.
  - E. Basic information to establish the need for stabilization.
- F. After preliminary review, more information and data may be required.

VI. ADMINISTRATION OF APPLICATIONS

- A. All applications shall be formally received and considered at a Selectboard's Meeting.
- B. Applications shall be distributed as follows:
  - 1. One copy to the Town Assessor for review as to eligibility and analysis of impact.
  - 2. One copy to the Town Manager for review as to eligibility and analysis of impact, as well as for file purposes.
  - 3. One copy to the Superintendent of Schools for review as to impact.
- C. The Town Manager shall inform the Chair of the Selectboard in writing whether the basic eligibility criteria have been met. At that point, the Town Manager will make any considered recommendations on the application for tax stabilization and transmit all information to the Selectboard.
- D. Upon this notice, the Selectboard Chair shall place the item on the agenda for a Selectboard's meeting.
- E. An Applicant shall be notified in writing of all meetings at which the application will be considered.
- F. Upon action of the Board accepting the terms of an agreement, the Chair of the Selectboard shall direct the stabilization contract to be drafted, in duplicate, to be signed by the Selectboard and the Applicant.

Duly enacted and ordained this 29<sup>th</sup> day of May, 2018 by the Selectboard of the Town of Proctor, County of Rutland, State of Vermont, at a duly called and duly held meeting of said Selectboard.

ATTESTED BY:

  
Assistant Town Clerk

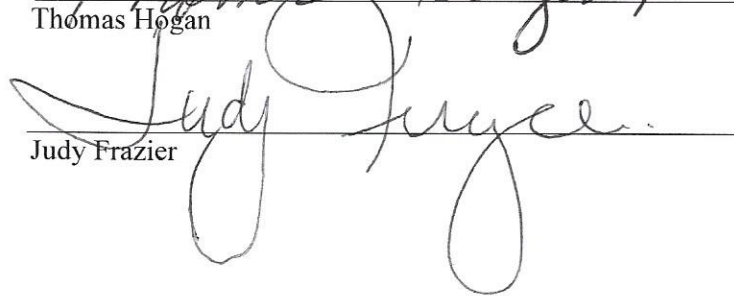
TOWN OF PROCTOR  
SELECTBOARD

  
Bruce Baccei

  
Robert Protivansky

  
Joseph Manning

  
Thomas Hogan

  
Judy Frazier