

Town of Barre
Industrial and Commercial Tax Stabilization Policy

I. STATEMENT OF PURPOSE

One major goal of the Board of Selectmen 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 industry, and the intent of a subsidy is to encourage that which is 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 Board of Selectmen, in service of these principles, adopts this policy for the use of tax stabilization for industrial and commercial property.

II. AUTHORITY

The Selectmen's authority for this policy derives from action of the inhabitants of the Town of Barre at Town Meeting, March 1, 1977 (see Article 8) and Title 24 V.S.A., Section 2741(b)(1). The provisions of the policy and the subsidy offered are consistent with Act 60 of 1997 (the Equal Education Opportunity Act of 1997).

III. GENERAL CRITERIA AND ELIGIBILITY

The following general and specific criteria shall be used by the Board of Selectmen in making most determinations on eligibility and application. However, the Selectmen reserve the right to waive or modify these guidelines when they determine that the public interests and the purposes of this policy are best served.

A. Only those commercial and industrial buildings and machinery and equipment* which substantially advances the purposes of this policy shall be awarded tax stabilization contracts. The Selectboard can award tax stabilization contracts only for municipal taxes. Applicants seeking stabilization of school (education) taxes must contact the Vermont Legislature.

**Used in manufacture or processing, housed indoors.*

B. All applications for tax stabilization shall be presented to the Board of Selectmen prior to the commencement of construction (which shall include renovations, remodeling repairs, etc. in the case of existing buildings).

C. All additions to stabilized or non-stabilized buildings for which stabilization applications are received, shall be handled as new construction with only the addition considered.

D. Owners of properly zoned existing buildings may seek stabilization of the increase in assessment of the building(s) resulting from repairs, renovations, or remodeling.

E. In addition, the Selectmen must find that the project proposal shall receive a minimum score of 35 points based upon an evaluation by the Board of Selectmen in accordance with the following scoring system:

- 1. Size:
 - 3,000 ft.² minimum - 10 points
 - For each full 3,000 ft.² additional add - 1 point (max. 16 points total)

- 2. Cost:
 - For new construction (building or addition)
 - \$250,000 minimum construction cost (excluding land/utilities/site) - 5 points
 - For each full \$100,000 additional add - 1 point
 - For renovations
 - \$100,000 minimum cost (excluding utility and site work) - 3 points
 - For each full \$100,000 additional add - 1 point

- 3. Machinery and Equipment:
 - Minimum cost new - \$400,000 - 8 points
 - For each full \$100,000 additional add - 1 point

- 4. Jobs:
 - For each new job created (including retained jobs only if applicant certifies that jobs would be lost immediately if project is not completed) - 3 points
 - For each job created which SIC average wage classification exceeds 110% of average Washington County manufacturing wage add - 2 points

- 5. Diversification:
 - If industrial start would, in the opinion of the Selectmen, diversify the industrial employment base* **OR** new or expanded industry would create markets for or be a significant supplier to existing Barre area industries **OR** industry is identified as a "target industry" in the Barre Town Economic Development Plan add - 4 points

**Generally, the diversification test is met if the proposed industry type currently employs less than 5% of the covered workforce in the Barre area, Washington County, or State.*

6. Indication of Need:

If developer asserts, with the affirmative support of CVEDC Executive Director, that the project is dependent upon or chances for success or leveraging of other investment capital is substantially advanced by stabilization add - 6 points

7. Use of Rail, Recycled Products, Renewable Energy Resources:

If the project will use, support, or promote the use of railroads, recyclable products, local industrial wastes or by-products, and/or renewable energy resources add - 4 points

8. Community and Social Contribution:

If the company has a history of (or pledges to) being an active participant in local and civic endeavors, has employer-supported day care or employee job sharing, flex-time, public transportation, participates in vocational center job training, placement or internship programs or offers similar civic and progressive programs and leadership which, in the opinion of the Selectmen, advances the vitality, diversity and amenities of life in Barre Town add - 1-7 points

9. Impacts - Municipal:

If the project will, over the long run, demand unusual, excessive, or unreasonable burdens on Town services for police, fire, water, sewer, traffic, or roadways, and no plan for compensation or mitigation is made between the developer and Town deduct - <6 points>

10. Impacts - Environmental:

If the project will cause degradation to the physical and natural environment of the Town through discharges to the air, water, or groundwater, or by emission of noise, dust, vibration, radio interferences, threat of chemical or biological releases deduct

- <2-8 points>

11. Exclusionary Criteria:

If the project is offensive to the public values or is contrary to the ordinances and by-laws of the Town of Barre, is incompatible with the Town Plan, or would create an unreasonable nuisance or disturbance to neighboring landowners, no tax stabilization shall be granted. Tax stabilization shall not be offered to commercial establishments which have as their primary purpose: retail trade, automotive or equipment sales or repairs, boat yards, landfills, animal experimentation or vivisection, retail sale of prepared foods, nuclear generating facilities, movie theaters, and rendering plants, or identified as to be avoided in the Economic Development Plan. Under normal circumstances retail trade will be excluded unless there is a clear public benefit and a valid indication of need.

IV. CONTRACT TERMS

A. Contract term options are negotiable and shall be awarded at the discretion of the Selectmen. The following Options A and B, below, are included for illustrative purposes only.

Option A

- 7 year, 30% value discount -

Each year, starting with April 1 following construction or renovation completion the eligible assessed value of the property shall be discounted by 30% prior to application of the municipal tax rate.

Example - Full value = \$400,000 Municipal tax rate = \$2/\$100

$\$400,000 \times 1 \times .02 = \$8,000$ (non-stabilized tax)

$\$400,000 \times .7 \times .02 = \underline{5,600}$ (stabilized tax)

\$2,400 annual savings

Total tax break: \$16,800 over 7 years.

Option B - 5 year, declining discount

Year 1 - 70% discount

Year 2 - 50% discount

Year 3 - 35% discount

Year 4 - 25% discount

Year 5 - 25% discount

Example - Full value = \$400,000 Municipal tax rate = \$2/\$100

$\$400,000 \times (1) \times .02 = \$8,000/\text{year}$

Year 1 - $\$400,000 \times (.3) \times .02 = \$2,400$ tax

Year 2 - $\$400,000 \times (.5) \times .02 = 4,000$ tax

Year 3 - $\$400,000 \times (.65) \times .02 = 5,200$ tax

Year 4 - $\$400,000 \times (.75) \times .02 = 6,000$ tax

Year 5 - $\$400,000 \times (.75) \times .02 = \underline{6,000}$ tax

\$23,600 tax

Total tax break: \$16,400 over 5 years.

B. A rollback clause shall be included in the contract providing for repayment of the full taxes that would have been due in the immediate tax year absent a stabilization contract plus a 15% penalty on that tax amount. This clause shall become effective in the event of the closing of the business or bankruptcy. In the event that this clause shall become operative, the real property may not be sold, and the personal property may not be sold or removed from the premises until all tax obligations have been paid.

C. In the event of multiple ownership of a business, representatives of the parent companies and the subordinate organizations must be signatories to the contract.

D. The first year of the stabilization contract shall officially begin on the April 1st which follows the official date of completion of construction or renovation.

E. In cases of protracted construction or renovation, normal taxation procedures shall apply during the construction period.

V. APPLICATION PROCESS

A. Applications for stabilization may be made in writing to the Chairman of the Board of Selectmen, c/o Town Manager's Office. The application should be clearly marked "Stabilization Application".

B. Besides a cover letter, applications should include:

1. Basic information on nature and location of site as well as construction, including -

- (a) Site plan showing building(s).
 - (b) Scale drawing of construction showing square foot area, height and number of stories, and rough idea of planned usage of space.
 - (c) Estimated construction or renovation costs.
 - (d) In cases where maps and plans are not readily reproducible, three (3) copies of large maps are requested.
- 2. Employment data, immediate and projected.
 - 3. Basic data to establish need for stabilization.
 - 4. After preliminary review, more data can be required to make a determination under Article III.

VI. ADMINISTRATION OF APPLICATIONS

- A. All applications shall be received at the Town Manager's Office
 - B. The Town Manager shall review the application as to completeness, eligibility, and analysis of impact. A copy shall be forwarded to the Assessor for review as to impact on the Grand List.
 - C. The Town Manager shall inform the Selectboard in writing whether basic eligibility criteria have been met. At this point, the Town Manager will make any desired recommendations on the application for stabilization and transmit all information to the Selectboard, with a copy to the applicant.
 - D. Upon delivering the report to the Selectboard, the Manager shall schedule the application for a Selectboard meeting.
 - E. Applicants shall be notified in writing of all meetings, and it shall be to their advantage to be represented. Applicants may refute, rebut, or support any finding or recommendation of the Town Manager.
 - F. Upon approval by the Selectboard, the Chairperson shall direct a stabilization contract to be drafted, in duplicate, to be signed by the Selectboard and the applicant.
- Approved this 5th day of August, 1997.

BARRE TOWN SELECTBOARD

/s/

Douglas Farnham

Ronald Tallman

Brian Bailey

Charles Fantoni

Jack Mitchell

ATTEST:

/s/ Ruth A. Finn, Town Clerk-Treasurer

*Adopted by the Barre Town Board
of Selectmen the 6th day of March, 1990.
Amended April 23, 1991 and August 5, 1997.*