



HYDE PARK TAX STABILIZATION PROGRAM AND POLICY

HYDE PARK VILLAGE TRUSTEES AND HYDE PARK SELECTBOARD

POLICY TO BE ADMINISTERED BY THE HYDE PARK
ECONOMIC DEVELOPMENT BOARD (EDB)

AUTHORIZATIONS:

March 5, 2013 – Town of Hyde Park Annual Meeting – Passed Tax Stabilization Article (below)

May 7, 2013 – Village of Hyde Park Annual Meeting – Passed Tax Stabilization Article (below)

ARTICLE - Shall the voters authorize the Selectboard to enter in contracts with owners, lessees, or operators of agricultural, forest land, open space land, industrial or commercial real and personal property and alternate-energy generating plants to fix the property values of such real and personal property, in accordance with 24 V.S.A. 2741, for up to the full municipal tax liability of such property, for periods not to exceed ten (10) years?

THIS POLICY APPROVED ON MAY 9, 2013 BY THE HYDE PARK SELECTBOARD

SECTION 1 - PURPOSE:

To encourage and provide incentives to businesses, investors and developers considering locating, relocating, developing or expanding within the Town and Village of Hyde Park.

SECTION 2 - JOINT BOARD:

The Hyde Park Selectboard and Village of Hyde Park Trustees, acting jointly as the Economic Development Board (or EDB), may enter into a tax stabilization contracts with existing or new property owners, lessees of agricultural properties, multi-unit residential developers, and owners of industrial or commercial real property. The applicant 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. The EDB may be a subcommittee of both the Selectboard and trustees as long as the number of members is not less than three, with at least one member from the Trustees and one member from the Selectboard.

SECTION 3 - APPLICABILITY:

The tax stabilization contract may apply up to the entire property valuation and for the term allowed by voters. At the 2013 Town Meeting and the 2013 Village Annual Meeting, voters approved the following article:

Shall the voters authorize the Selectboard to enter in contracts with owners, lessees, or operators of agricultural, forest land, open space land, industrial or commercial real and personal property and alternate-energy generating plants to fix the property values of such real and personal property, in accordance with 24 V.S.A. 2741, for up to the full municipal tax liability of such property, for periods not to exceed ten (10) years?

SECTION 4 - CONTRACTS:

All contracts shall be awarded at the sole discretion of the EDB after a thorough review of the merits of the project and determination of whether the project meets the required criteria and requirements of this policy, state law and the voters' authorization. All discussions shall take place at a properly noticed meeting of the EDB and executive (closed) sessions may be appropriate in some instances, such instances being disclosed prior to entering executive session. No retroactive contracts will be considered.

SECTION 5 - CRITERIA FOR APPROVAL:

To qualify for tax stabilization the proposed project must meet the following criteria:

- The amount invested in the proposed project following the date of the signing of the contract must be at least 25% of (i) the tax-assessed value of the property or (ii) the fair market value of the property at the time of the application; whichever is greater.
- The proposed project must include all repairs necessary such that, upon completion of the project, the property is fully compliant with all applicable building and life-safety codes (meaning the state's public buildings codes and the wastewater and water supply rules);
- The project is consistent with the Town and Village Plan; and
- The applicant is in good standing with both local municipalities (tax payments, water fees, etc).

Additional information which is not required but may support an approval includes the applicant's responses to the below questions:

- Will the project create new jobs or retain existing jobs?
- Will the project eliminate blight, improve aesthetics, and preserve existing structures?
- Will the project remove environmental hazards such as hazardous waste, noise, dust, odor, materials or other contamination?
- Will the project impact municipal services or infrastructure in a significant way?

SECTION 6 - PROCESS:

1. An application, on the form provided by the municipality, must be sent to the Hyde Park Town Administrator, PO Box 98, Hyde Park, VT 05655. There are no fees for the application, however, the applicant is responsible for their own attorney fees or other expenses related to the application and contract. The EDB will pay for its own attorney fees and other technical review fees. The application shall contain the following:
 - a. Written Application, duly signed;
 - b. Current tax assessed value of the property;
 - c. Site plan showing existing property lines and buildings;
 - d. Drawing (accurate measurements or to scale) of all proposed construction detailing the square footage and the proposed use of all space;
 - e. Written estimate of construction costs, including "sweat equity" estimates;
 - f. Employment data, if applicable; current and projected;
 - g. Optional - letters of support from other regional or local entities.
2. The EDB shall review the application, consult with the Town's Board of Listers and make an initial determination as to the applicant's compliance with the Town's established criteria and this policy, the impact of the proposal on the valuation of the property and the tax impact of the stabilization contract.
3. The EDB will then meet to discuss whether or not to issue a preliminary approval or rejection of the application, such decision shall be made within 45 days of submission of the application to the town administrator.
4. A rejection of the application should clearly state the reasons for rejection and any recommendations to gain preliminary approval.
5. If preliminary approval is granted, the EDB will meet with the applicant at a duly warned meeting of the EDB (not a public hearing) as soon as practical and the applicant will have the opportunity to make a formal public presentation and submit a request (verbal or written) for final approval of the contract terms, including starting and ending dates for the tax stabilization program.
6. The EDB shall take action, in writing, to approve or deny the application or to request additional information within 15 days following the applicant's presentation. Tax stabilization contracts may be structured in any way the EDB feels appropriate based on the facts and conditions at the time of application but within the constraints of the voters' authorization and state law.
7. If the applicant accepts the terms and conditions in the approval, the town attorney will work with the applicant to finalize a contract and sign any necessary documents so that a tax stabilization contract may be filed with the town treasurer, village administrator and Board of Listers. The contract will specify the annual amount to be exempted from the applicant's property valuation ("voted contract amount") and the approved beginning and ending dates of the contract.

8. Upon execution of the tax stabilization contract, the applicant shall submit an annual report to the EDB by January 15 of each year of the verifying compliance with the terms of the contract. No investment value shall be counted toward the minimum of 25% until a contract is signed and final. The assessment value will not be reduced until at least 25% of the projected investment has been completed and inspected by the town.
9. Contracts must be finalized and 25% or more of the investment shall be completed by May 1 in order to be effective for the next tax year. For example, contracts finalized in January allow the investment to occur through May 1. On May 1, and after inspection by the town administrator, the tax stabilization information will be provided to the Board of Listers so that the tax stabilization may take effect beginning July 1. The May 1 deadline is the one time during the year that new contracts may be submitted to the Board of Listers; there are no mid-year adjustments to the Grandlist. All proposed contractual investment value shall be completed prior to the termination of the contract term.
10. The Town Administrator shall report to the EDB if:
 - a. There is a material change in the use of the property or in the nature of the business;
 - b. The business has been sold or transferred
 - c. The business does not comply with the terms of the contract or fails to complete the project as it was presented during the application process;
 - d. Property tax payments on the property become delinquent;
 - e. The business fails to comply with any zoning, building, plumbing, electrical, life safety codes or other ordinances.
11. The Town Administrator shall report to the EDB any changes which might impact compliance with the tax stabilization contract. Failure of the applicant to submit the required annual report or to come into compliance with any provision of the tax stabilization contract may result in the discontinuation of the tax stabilization contract.
12. A rollback clause shall be included in the tax stabilization contract providing for repayment of full taxes that would have been due, in the absence of a stabilization contract, plus an 8% penalty, plus interest at a rate of 12% per annum. The rollback clause may become effective, at the discretion of the EDB, in the event that during the term of the contract any of the above-referenced conditions have occurred or the tax stabilization contract is otherwise discontinued. 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.
13. In the event of multiple ownership of a business, representatives of the parent companies and the subordinate organizations must be signatories to the contract.
14. In cases of protracted construction or renovation, normal taxation procedures shall apply during the construction period, even if a contract has been signed. In this instance, the term will automatically be extended to future years without need to amend the contract.
15. In the event the applicant requests termination of the contract, the applicant must submit in writing a request to the EDB stating the reasons why termination is being requested. The EDB will review the request and approve or deny the request.
16. By majority vote of the Selectboard and Trustees (not the EDB), this policy may be amended at any time.

End of policy