

Joint Fiscal Committee Motion Burlington TIF

The Joint Fiscal Committee approves the methodology described in the proposal from the City of Burlington (submitted to the Joint Fiscal Committee on August 31, 2009) with the key elements summarized below, to make payments in lieu of tax increment to the Education Fund to approximate 25% of the additional incremental education property tax revenue generated by the incremental growth in the grand list value of the Waterfront TIF District.

Description of the New TIF Base

Beginning in the fiscal year in which there is the incurrence of new TIF debt, the City will calculate and make an annual payment on December 10th to the Education Fund each year until 2025. The April 1, 2010 grand list for the area encompassing the existing Waterfront TIF – excluding two parcels 25 Cherry Street or the Marriott Hotel (SPAN#114-035-20755) and 41 Cherry Street – is the baseline to be used as the starting point for calculating the tax increment that will be divided 25% to the state Education Fund and 75% to the City of Burlington. At the conclusion of the TIF in FY2025, any surplus tax increment funds will be returned to the City of Burlington and State Education Fund proportionally in proportion to the relative municipal and education tax rates as clarified in a letter from Mayor Bob Kiss to the Chair of the Joint Fiscal Committee dated September 9, 2009.

Formula for Calculating the Payment

The formula for calculating the payment in lieu of tax increment is as follows: first, the difference between the grand list for the Waterfront TIF excluding the two hotel parcels from the fiscal year in which the payment is due and the April 1, 2010 grand list is calculated. Next, that amount is multiplied by the current education property tax rate(s) to determine the increment subject to payment. Finally, this new increment is multiplied by 25% to derive the payment amount.

Reporting Requirements

The City of Burlington will prepare a report annually, beginning July 1, 2010, for both the Joint Fiscal Committee and the Tax Department, which will contain: a) the above calculation; b) a listing of each parcel within the Waterfront TIF District and the 1996 original taxable value, 2010 extended base value, and the most recent values for all homestead and nonresidential property; c) a history of all of the TIF revenue and debt service payments; and d) details of new debt authorized including repayment schedules.