



## Office of Mayor Miro Weinberger

### MEMORANDUM

**To:** City Councilors  
**From:** Mayor Miro Weinberger  
**Date:** September 18, 2013  
**Re:** S. 37, Tax Increment Financing Legislation re: City Council Ratification

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As you will recall from past communications, the 2013 State Legislative Session resulted in the passage of a Tax Increment Financing (TIF) reform bill that included the settlement of an outstanding multi-year dispute between Burlington, Newport, Winooski, and Milton and the Office of the State Auditor, in which the auditor alleged significant underpayments by municipalities to the State Education Fund. I am writing to respectfully request your ratification of that settlement. The Board of Finance unanimously recommended approval of this settlement at its September 16, 2013 meeting.

The basic terms of the settlement with respect to Burlington are that the State will drop any potential claim concerning the alleged \$1 million past underpayment in return for Burlington's agreement to forgo \$40,000 of TIF increment during each of the next five years. These payments will be paid out of the City's TIF revenues and will have no impact on the General Fund. Further, while the City's ability to make investment in public infrastructure is reduced by these \$200,000 of cumulative payments, the City's overall ability to make catalytic public investments is dramatically enhanced by other provisions of the bill (most notably that the City has an additional five years to identify and make public investments in both the Waterfront and Downtown TIFs). Underlying ambiguities in the TIF statutes that led to the dispute either have been resolved in the legislation or will be resolved in the legislative rule making process during the upcoming Legislative Session. The Administration believes the settlement represents a favorable resolution to the complex legal dispute that contained significant financial risk for Burlington.

These provisions and other elements of the TIF reform bill are described in the attached summary. We were pleased to join with the other municipalities, the Office of the State Auditor, the Tax Department, and the Agency of Commerce in supporting Governor Shumlin's call for this new TIF legislation that provides clarification of ambiguous provisions along with oversight, reporting, and enforcement provisions going forward for all TIF districts.

My office would welcome any questions you might have about this matter.

Thank you.