

TOWN OF RANDOLPH
TAX STABILIZATION POLICY
FEBRUARY 15, 1994

Purpose and Preamble:

The ultimate objectives of the Tax Stabilization Policy are to promote the economic vitality of the Town and reduce the tax burden on its citizenry. In order to accomplish these objectives, tax stabilization contracts provide short-term incentives to commercial or industrial businesses in order to obtain long-term investment and potential tax revenues.

Vermont law, 24 V.S.A. §2741, allows the Town, through its Selectboard to

enter into contracts with owners, lessees, bailees or operators of agricultural*, forest land* industrial or commercial real and personal property for the purpose of

- 1) fixing and maintaining the valuation of such property in the grand list;
- 2) fixing and maintaining the rate or rates of tax applicable to such property;
- 3) fixing the amount in money which shall be paid as an annual tax upon such property;
- 4) fixing the tax applicable to such property at a percentage of the annual tax.

By statute, contracts cannot be for a period in excess of 10 years. Regardless which of the four methods described above are chosen by the Selectboard to stabilized taxes, it shall be town policy that no tax stabilization would result in a reduction of more than 50% of the annual property tax that would otherwise be due on the stabilized property.

(***Note:** This policy does not address agricultural or forest land since the State of Vermont current use program addresses tax relief for these entities.)

In order to establish guidelines and criteria for both potential applicants and the Selectboard, this policy will set forth the following:

1. Public Interest Criteria
2. Who may apply
3. The application process
4. The decision-making process

This policy is intended to

- 1) give all parties guidance on the availability of tax stabilization and the requirements of applicants, and
- 2) create a process that allows all the information to be presented, evaluated, and decided in an orderly and fair fashion.

NOTHING IN THIS POLICY SHALL BE CONSTRUED TO CREATE A RIGHT TO TAX STABILIZATION. BY STATUTE, ALL TAX STABILIZATION DECISIONS ARE AT THE DISCRETION OF THE SELECTBOARD.

1. Public Interest Criteria.

As a **threshold requirement**, applicants must meet the following criteria:

- a. creating and enhancing employment;
- b. promoting economic development; and
- c. enhancing the tax base.

Applicants shall be ranked and given priority by the number of criteria they meet.

As a guideline, the definition of “economic development” includes but it not limited to bringing new money into the local economy, or providing a business or service which encourages or enhances further business development.

2. Who may apply.

Stabilization shall only be considered for those commercial or industrial buildings which are either owned or leased by new companies locating in Randolph, or existing companies renovation or expanding in Randolph. Stabilization shall apply only to the value enhancement of the property, and not to the existing property value.

Stabilization is intended to encourage measurable benefit to the town’s economy and tax base. Therefore, only projects which result in \$100,000.00 or more of increased property value will be considered.

Since the purpose of tax stabilization is the general welfare of the town, the Selectboard shall not consider the need of the applicant.

3. Application process.

The application shall be in writing, and shall include:

- a. Project description.
- b. List of land, buildings, equipment, etc to be stabilized
- c. Date the property is expected to be occupied (if applicable).
- d. Reason the applicant believes the stabilization to be appropriate, specifically setting forth which public interest criteria the applicant claims to meets. (Applicants have the burden of proof that they have met one or more of the public interest criteria, described above. This requirement shall remain for the entire term of the stabilization contract, if it is awarded.)

e. Financial information (**See paragraph 4, below for confidentiality protection.**) For new companies, provide a two year financial projection; for existing companies, provide a two year financial statement.

f. Business Plan. (**See paragraph 4, below for confidentiality protection.**) Provide a description of short and long term goals of the business. Include information that describes the business environment (e.g., size and character of the market, major competitors, major customers, uniqueness of the product or service, special skill of applicant), general marketing and production plan, location of key personnel, and management plan.

j. Jobs. Detail the number of jobs the applicant plans to create or retain.

The Selectboard may WAIVE one or more of the requirements.

4. Decision-making Process.

a. The Selectboard shall name a special Business Review Board. This Board shall be comprised of three members with business and/or financial expertise, and it shall meet with the applicant and review the business plan and financial information required in paragraph 3 (e) and (f) above, and make a recommendation to the Selectboard. All materials and information relating to the business plan and financial information shall remain **confidential**.

b. The Selectboard shall place the application on its next agenda. All discussion relating to the application shall be in open meeting, **except** the specific financial and business plan information described above which shall remain confidential, pursuant to 1 V.S.A. §315 (15) which states that "records relating specifically to the negotiation of contracts... [are not public records]." The applicant may waive the confidentiality requirements if he or she desires.

c. If the Selectboard approves the application, a written Stabilization Agreement, a sample copy of which is attached hereto, shall be signed by the parties. The Agreement shall include provisions for payback or other penalties in favor of the Town should the applicant default on its commitment as presented to the Town and reflected in the Agreement.

d. The Selectboard will provide a written statement of its decision and the reasoning behind it.

Date February 15, 1994

Charles H. Cooley
Donald Jacobs
William W. Pigott
August R. Meyer

Randolph Selectboard

TAX STABILIZATION AGREEMENT

THIS AGREEMENT made as of this ____ day of _____ by and between the _____ (hereinafter referred to as _____), a Vermont corporation with its principal place of business at _____ in the Town of Randolph in the County of Orange and State of Vermont, on the one hand, and the TOWN OF RANDOLPH (hereinafter referred to as "TOWN"), A Vermont Municipal Corporation.

WITNESSETH:

WHEREAS, _____ is an existing developer located at 21 North Main Street in Randolph, Vermont; and

WHEREAS, _____ is purchasing a certain parcel of real estate at _____; and

WHEREAS, the Selectboard is authorized to enter into contracts for the purpose of fixing and maintaining the valuation of both real and person property in certain cases for a period not to exceed ten (10) years, under the authority of Title 24, Vermont Statutes Annotated, Section 2741 as amended; and

WHEREAS, TOWN has formulated a tax stabilization policy and adopted a set of procedures for the implementation of said policy; and

WHEREAS, application having been made by _____ to TOWN, all parties are agreeable that it is desirable and in the public interest to stabilize the valuation of the real estate located at 28 North Main Street, Randolph, Vermont for a period of 10 (ten) years; and

WHEREAS, it has been determined that _____ will be the owner of real estate located at 28 North Main Street, Randolph, Vermont, within the meaning of the statute.

NOW, THEREFORE, pursuant to the statutory authority as aforesaid, and in consideration of the execution of these presents by the parties hereto, and of other good and valuable consideration, it is AGREED as follows:

This Tax Stabilization Agreement applies to both the municipal tax portion and the education tax portion of the real estate taxes on the property at _____. The stabilization of the education tax portion is hereby approved by the Town, but is contingent upon the State of Vermont, upon the approval of the Vermont Economic Progress Council, entering into a tax stabilization agreement with the Town of Randolph and with _____ for the State to cover the loss in education tax liability for this property under the terms of this Agreement..

1. VALUATION. The valuation of such real property shall be fixed and maintained for tax stabilization, for tax assessment and appraisal purposes as follows:

Fiscal Year	(a) Stabilization Factor	(b) Estimated FMV (Fair Market Value)	(a) x (b) Stabilized Appraisal Value
2004	50% of FMV	(FMV estimated at this time to be \$_____;	
2005	50% of FMV	actual FMV to be determined after construction)	
2006	50% of FMV		
2007	50% of FMV		
2008	50% of FMV		
2009	50% of FMV		
2010	50% of FMV		
2011	50% of FMV		
2012	50% of FMV		
2013	50% of FMV		

2. OTHER PROPERTY. The stabilization shall not apply to any other or after acquired parcel of land or buildings erected thereon, or to additions to the building.

3. TERM. This Agreement shall become effective for the tax year beginning _____, and shall extend through the tax year beginning _____ and not thereafter.

4. REPEAL OF AUTHORITY. If, during the effective life of this Agreement, the authority of TOWN to enter into tax stabilization agreements is repealed or amended by the General assembly of the State of Vermont, without a savings clause for existing agreements so as to materially affect the tax dollar amounts paid by _____ and the right of the state to effect the repeal of this Agreement is upheld, or if this Agreement is held to be void as a matter of law by any Court or other judicial body of competent jurisdiction, then this Agreement shall be void as to all taxes subsequently assessed.

5. REAPPRAISAL. In the event of a complete reappraisal of all real property by the Board of Listers in the Town of Randolph or other duly constituted authority, the appropriate stabilization factor provided above shall be applied to the estimated fair market value as finally determined for tax purposes.

6. MATERIAL CHANGE. In the event that there is a material reduction in the number of individuals employed by _____, or a material change in the use of the real property by _____ prior to the termination date of this Agreement, TOWN reserves the right to cancel this Agreement upon not less than thirty (30) days prior written notice to _____. If this Agreement is canceled, the property shall be set in the Grand List at its estimated full fair market value as of the first day of April following such cancellation, and RACDC or Tenant shall pay to the TOWN a sum of money equal to the amount that such taxes would have been billed without stabilization, less the amount actually paid during the period of such stabilization (not including penalties and interest), together with interest at the rate of twelve percent (12%) per annum from the original due date of each such differential amount.

7. TRANSFER OF PROPERTY. It is agreed by the parties hereto that in the event that _____ shall transfer by sale or otherwise to new ownership all or part of the real property the taxes upon which property are stabilized by this Agreement shall cease to do business within the Town of Randolph within ten (10) years of the effective date of this Agreement, whether by

its voluntary act or involuntarily, _____ shall pay to TOWN a sum of money equal to the amount that such taxes would have been billed without stabilization during the five-year period immediately preceding such termination date, less the amount actually paid during the five-year period (not including penalties and interest), together with interest at the rate of twelve percent (12%) per annum from the original due date of each such differential amount. The filing of this Agreement in the Randolph Land Records shall constitute a lien against the stabilized real property of _____ at _____ and shall be discharged only upon payment of any sums which may become due under the provisions of this agreement. This lien may be foreclosed in the same manner as provided by statute in the case of statutory tax liens.

8. SUBORDINATION OF LIEN. In the event that it becomes necessary for _____ to mortgage the stabilized real property, TOWN agrees to entertain a request or requests from _____ that TOWN's lien be subordinate to the lien of any subsequent mortgage or mortgages obtained by _____ on the stabilized real property, provided that the loans secured by said mortgage or mortgages are obtained from institutional financing sources and the proceeds thereof are used exclusively for _____'s business. Such request shall be made in writing and acted upon by the TOWN within thirty (30) days of the receipt thereof.

9. PERMIT CONDITIONS. If, during the effective life of this Agreement, _____ violate the terms of its Act 250, Planning Commission, Development Review Board, or building permits, or any other terms or conditions imposed upon it by the District II Environmental Commission, Randolph Planning Commission or Randolph Development Review Board, and fail to cure such violation within a period of thirty (30) days after being notified in writing of the same, then the TOWN may cancel this Agreement upon not less than thirty (30) days prior written notice to _____. In the event of a cancellation of this Agreement, the property shall be set in the Grand List at its estimated full fair market value as of the first day of April following such cancellation, and _____ shall pay the TOWN a sum of money equal to the amount that such taxes would have been billed without stabilization, less the amount actually paid during the period of such stabilization (not including penalties and interest), together with interest at the rate of twelve percent (12%) per annum from the original due date of each such differential amount.

10. ASSIGNABILITY OF AGREEMENT. This Agreement is binding upon the parties hereto, and upon such assigns as may be approved in writing by TOWN. In the event of an assignment of this Agreement, any remaining benefits or obligations created hereunder shall inure to such assigns, provided that the succeeding taxpayer specifically assumes the obligations created by this Agreement.

Dated at Randolph, Vermont, the ____ day of _____, 200____

(CORPORATE SEAL)

By _____

duly authorized agent

Dated at Randolph, Vermont, the ____ day of _____, 20__

TOWN OF RANDOLPH

(CORPORATE SEAL)

Its Selectboard

TAX STABILIZATION APPLICATION

Received _____

DATE: _____

NAME OF APPLICANT: _____

ADDRESS: _____

LOCATION OF PROPERTY: _____

CONTACT PERSON FOR HEARING: _____

TEL. # () 728-4305

=====

The "Town of Randolph, Tax Stabilization Policy, February 15, 1994" applies to this application.

Please answer the following to the best of your knowledge at this time.

PROPOSED USE OF PROPERTY? _____

Estimated Completed Cost? \$ _____

PUBLIC INTEREST CRITERIA: (fill-in as applicable)

1. Creating and Enhancing Employment:

- a. How many employed at this location now? _____
- b. How many jobs will be added in 6 months? _____
- c. How many jobs will this project create over years? _____

2. Promoting Economic Development:

- a. How many dollars do you anticipate will be spent in this community over the next 5 year. as a result of this project? \$ _____
 - b. How will this business tend to support other business in Randolph? _____
 - c. As a result of your project, what factors will be created to attract other business to Randolph? _____
- _____

(Randolph - Tax Stabilization Cont.)

3. Enhancing the Tax Base:

List each item of property to be stabilized:

ITEM	VALUE ON GRAND LIST	
	OLD	NEW (est.)
	0	\$2,500,000

Total of Grand List Value (above) 0 \$2,500,000
 Estimated Enhancement (NEW minus Old) \$2,500,000

STABILIZATION:

1. Stabilization is requested for a period of () year. (10 yrs. max)
2. Stabilization Factor requested for 1st. year is ()% of Fair Market Value of enhancement. (max. allowed is 50%)
3. Requested to begin in the FY04 Tax Year.
4. Other considerations:

To the best of my knowledge the above information and supporting documents are correct and I/we request favorable consideration.

Signed:

Title: _____

Please submit supporting data or bring it to the review meeting with you to assist the Business Review Board in making a recommendation to the Selectboard.

For Bus. Rev. Bd. use

For Bus.Rev. Bd. use

BUSINESS REVIEW BOARD: Review Meeting Date: _____

Business Review Board action - Recommends Favorably ____ Unfavorably ____