

Town of Johnson
TAX STABILIZATION POLICY

In 2012, Town voters approved the following article regarding Tax Stabilization Agreements.

"Will the voters authorize the Selectboard to enter into Tax Stabilization Agreements with owners of industrial and commercial properties, in accordance with applicable Vermont State Statutes, for up to the full municipal and statewide education tax liability of such property, for periods not to exceed five (5) years?"

This Policy is intended to implement that vote and provide guidance for the grant of such agreements to the Selectboard as well as applicants.

Statement of Purpose: Tax Stabilization Agreements will be used to: promote economic development, provide significant community or social benefit, enhance employment opportunities and increase the tax base.

The Selectboard is cognizant of the fact that execution of these agreements necessitates that taxes stabilized are shifted to all other taxpayers for a defined period of time, therefore there must be a finding of significant benefit when granting such agreements.

Policy:

1. Tax Stabilization Agreements shall be made at the sole discretion of the Selectboard, based on a variety of factors including this policy, but in all cases shall only be granted upon finding that there is a demonstrated benefit to the community, including but not limited to: economic, social or community benefit, employment creation or retention, and an increase or retention of Grand List values which will yield higher tax revenue.
2. Tax Stabilization shall be available only for industrial and commercial uses. Commercial uses shall not include residential rental property.
3. Generally, Tax Stabilization will be granted only for the municipal tax due on property and not the statewide school tax due.
4. For new businesses, land and buildings may be eligible for stabilization. The agreement may be applied to one or more buildings or that portion of a building or portion of land which will provide the community benefit described above.
5. For existing businesses which involve expansions or additions, and or a change of use or ownership interest which will have a demonstrated benefit as described in Section 1 above, land and buildings may be eligible for stabilization. In such cases the agreement may be applied to one or more buildings or that portion of land or a portion of a building which will provide the community benefit described above. Generally, agreements will not be approved unless the value of land and buildings will increase by 20% of assessed value.
6. Tax Stabilization Agreements of less than five years may also be approved where the community benefits described herein are less significant, but may still warrant consideration. In such cases the same principles as indicated in Section 7 may be applied.
7. Two types of stabilization shall generally be available:
 - a. The property set in the grand list, municipal portion only, at 50% of its original grand list value for a maximum period of 5 years; or
 - b. The municipal portion of the property set at 25% of its grand list value for the first two years, increasing to 40% the third year, 60% the fourth year, 75% the fifth year, and 100% the sixth year and thereafter.

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- c. The Selectboard may, at it's sole discretion, adjust the stabilization percentages in Section 7a. or 7b. above, if the nature of the business and the benefit to the community so warrants.

The type of stabilization shall be agreed upon by applicant by the Selectboard, and all agreements shall be in writing signed by both parties.

8. The Selectboard may impose any additional conditions as it, in it's sole judgment, deems prudent, such as terminating the agreement for a change in use during the term of the agreement, and having the agreement terminate upon sale or transfer of the property, etc.
9. The stabilization agreement shall not apply to utility charges such as sewer, water and electric charges, special use or district assessments.
10. The Selectboard may require formal applications and back-up documentation, such as prints and plans, economic forecasts, employment forecasts, business plans and any other information in order to verify the community benefit provided from each person or business seeking stabilization.
11. In the case of new or existing projects in which the grand list value (or estimated value if the grand list value is not available) will exceed \$500,000.00, or which will hire 10 or more new employees within 2 years of completion, the Selectboard may enter into agreements which provide for terms different from those set forth herein. Similarly, if the project will provide a capital improvement to the municipality which will substantially benefit the citizens of the Town other than financial aspects, the Selectboard may also enter into agreements which provide for terms different from those herein.
12. In such cases as in Section 11, the Board may extend Tax Stabilization to the statewide property tax due for some portion of, or all of the property which will provide the benefits identified in this Policy. The Board may structure such agreements in accordance with the same guidelines as in Section 7 above.

Adopted by The Johnson Selectboard on May 28th, 2013

Board Signatures:

Eric Osgood Chair

Howard Romero

Nat Kinney

Kathy Black

Douglas Molde

Attest: I, Rosemary Audibert, Johnson Town Clerk, attest that the Selectborad adopted the above Policy in May 28th, 2013 and their signatures are true and accurate.

_____/_____/2013
Rosemary Audibert, Town Clerk