

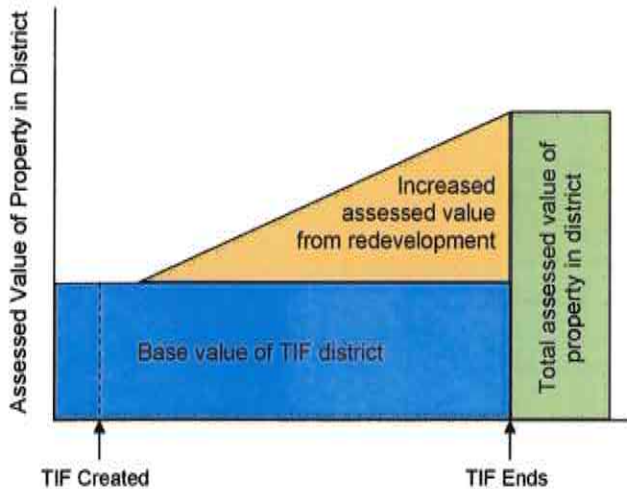
FAQ: Downtown TIF & March 3, 2015 Ballot Question

What is TIF (Tax Increment Financing)?

TIF is a tool for financing public infrastructure investments that support economic development. It uses incremental tax revenue over 20 years to repay debt. The debt is repaid with the incremental tax revenue of the district, not just one particular project.

What is the "Tax Increment"?

The tax increment flows from new property taxes generated within the TIF district above the baseline values at the start of the District's life. It is based on the assessed value increases for properties within the TIF District during the life of the District.



What is Tax Increment Financing (TIF) district?

A "TIF district" is a designated area within which "tax increment" set aside to cover the costs associated with current infrastructure projects designed to benefit that district.

What projects and activities are voters being asked to authorize use of TIF for?

The projects involve downtown street and infrastructure improvements for Main Street (the two blocks between Church Street and Pine Street inclusive of all intersections) and St. Paul Street (the two blocks between Main Street and Maple Street inclusive of all intersections). Work will include streetscape, stormwater, utility, lighting and transportation upgrades; Brownfield Remediation/Brown's Court; Marketplace Garage Improvements and Repair; and Related Costs.

Are these projects qualified TIF expenditures?

TIF investments are intended, by design, to support and stimulate private economic development and related growth in the grand list. All the projects have been reviewed and approved by the Vermont Economic Progress Council as qualified TIF expenditures.

Will this raise taxes?

There is no impact on taxes. The use of Tax Increment Financing does not increase taxes. This proposed slate of investments in the City's Downtown TIF District relies on a process known as Tax Increment Financing, explained above. It should be noted, however, that the debt associated with Tax Increment Financing by law is required to be backed by the full faith and credit of the City. It is therefore incumbent upon the City to be prudent in its use of TIF and to also make conservative estimates regarding future projections.

Can we afford these improvements?

The actual lifetime capacity of the district is subject to a number of future variables (interest rates, property assessments, tax rates, time of projects, amount of private development in the district, etc.) However, our most recent analysis shows that even under conservative projections the district will have ample capacity to fund these improvements.

Why is this a March 2015 ballot item?

The TIF ballot question serves to activate the Downtown TIF District within the statutory window. It advances a set of projects envisioned in Burlington's approved Downtown TIF District Plan approved in June 2011.

How will the TIF investments benefit the City?

The proposed \$10 million of TIF project investments are anticipated to leverage at least \$30 million of non-municipal direct investment (Hilton Garden Inn, Stratos, Eagles Landing) along with additional indirect economic activity and additional tax revenues (e.g. rooms and meals taxes). Upgrading the adjacent infrastructure is critical to leveraging the economic benefits through the creation of great streets within Burlington's downtown.