

**City of Rutland, Vermont**  
**Industrial & Commercial Property Tax Stabilization Policy**

**I. Statement of Purpose**

The City of Rutland wishes to encourage industrial and commercial growth which will inspire a strong economy and create employment opportunities for all citizens. Tax stabilization of industrial and commercial property is a mechanism by which to realize this goal.

**II. Authority**

On September 27, 1977 the City voters ratified the ability of the Board of Aldermen to enter into tax stabilization contracts for Industrial property. On August 28, 2012 the City voters ratified the ability of the Board of Aldermen to enter into tax stabilization contracts for Commercial property; both pursuant to Title 24 V.S.A., Section 2741.

**III. Eligibility and Criteria**

It is the objective of the City of Rutland to incentivize new investment by stabilizing industrial and commercial property taxes within the City.

Property tax stabilization will occur in the form of a Tax Stabilization Agreement (TSA) between the City and a qualifying business.

Real and personal property tax stabilization will be available to businesses that are making tangible new financial investment in their facility and/or machinery and equipment, thus creating new jobs within the City.

To be eligible for the incentives set forth herein, a completed TSA application shall be presented to the RRA:

- (i) In the case of a new investment to an existing Rutland City business: prior to substantial completion of the work associated with the investment, such as the substantial completion of proposed construction or renovation, and/or the implementation and commencement of operation of proposed new equipment or machinery. The term “substantial completion” means that the work is sufficiently complete so that the applicant can utilize the new investment for its intended purpose.
  
- (ii) In the case of the establishment of a new business: prior to the commencement of normal business operations.

Determination of eligibility, level of stabilization, and timeframe will be based on the recommendation of the Rutland Redevelopment Authority (RRA) and subject to the approval of the Board of Aldermen (BOA).

#### **IV. Tax Stabilization Agreement terms**

Contract term options are intentionally flexible in order to best serve the needs of the business and shall be awarded at the recommendation of the RRA and at the sole discretion of the BOA.

TSA shall normally be for a period of five (5) years, and in no case longer than ten (10) years.

TSA shall commence on the April 1<sup>st</sup> that follows the official signing of the agreement.

If during the effective period a qualifying business will be making additional investment and creating new jobs they may be encouraged to re-apply for a new or extended TSA to accommodate this additional investment.

TSA will be limited to municipal taxes on real and personal property.

The RRA will work with qualifying businesses, if it is deemed beneficial, to apply through the Vermont Economic Progress Council for additional real property tax stabilization from the State Education Tax.

The City/BOA may also enter into tax stabilization agreements which provide for terms different from those set forth herein if it is determined to be in the interest of the City.

#### **V. Non-compliance/Termination**

The TSA shall be in writing and shall include all terms necessary to assure the City of the benefits that are the basis for tax stabilization of the project. The business will submit an annual Business Personal Property Return in accordance with the City Assessors office policy. At the request of the RRA the business shall provide an annual update substantiating any investment and/or job creation projections.

Should the terms of the agreement not be executed in full the City may choose to terminate the TSA and choose to recapture the foregone tax for the period during which there was a breach in terms.

If a project is subject to recapture of taxes the amount due shall be the total amount of the tax which would have been due if no tax stabilization agreement had been in force plus interest from the date at which the tax was due. The property shall be subject to a tax lien for all unpaid amounts due under this provision.

In the event the qualifying business is sold during the effective period the TSA may be transferred to the new owner of any property subject to the agreement. Transfer of TSA will require the re-signing of an amended agreement between the City and New Business owner. Failure to transfer the contract to the new owner will terminate the original TSA.

#### **VI. Application Process**

The RRA will serve to collect all relevant information in the form of a TSA application from the new or existing business seeking to enter into a TSA with the City.

In the case of a prospective business the RRA will serve to initiate a TSA discussion and to represent the new business throughout the TSA process.

Representatives of the business will be notified of all meetings, encouraged to participate in the proceedings, and required to attend a final public hearing related to their TSA with the City. Applicant may refute, rebut, or support any findings or recommendations provided by the RRA to the BOA as related to their application.