

**City of Rutland, Vermont**  
**Tax Stabilization Policy for Vacant/Blighted Industrial & Commercial Property**

**I. Statement of Purpose**

The City of Rutland wishes to encourage the rehabilitation of vacant and blighted industrial and commercial properties and to incentivize speculative investment from existing and future property owners in order to rehabilitate and improve these properties and ultimately return them to productive use. Tax stabilization 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 tax stabilization. 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**

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

Real property tax stabilization will be available to property owners that are making tangible new financial investment in an effort to rehabilitate and improve their property and to return it to productive use.

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).

Property owners must submit a comprehensive redevelopment plan for the property including but not limited to project renovation costs, timeframes, and plan for final use.

All TSA applications shall be presented to the BOA prior to the commencement of construction/renovation in order to be eligible.

Eligible properties must meet the definition of “blighted structure” as defined for the purposes of the Vermont Neighborhood Stabilization Program:

Without limitation; a “blighted structure” will be defined as; a structure that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety and public welfare and/or an aggregation of deferred maintenance items that constitute incipient code violations and which pose an impending threat of harm to the occupants of the dwelling. Any structure unfit for use, habitation or dangerous to persons or other property meets this definition. This would include structures showing evidence of physical decay and damage, dilapidation, neglect, unsanitary conditions, environmental or biological contamination, functional obsolescence and lack of maintenance.

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

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

TSA shall be for a period not to exceed five (5) years.

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

TSA will be limited to municipal taxes on real property.

A prospective purchaser of a qualifying property may apply for an initial TSA to be reviewed and approved by the BOA. The BOA will authorize the final TSA upon completion of the transfer of the property.

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; specifically a comprehensive redevelopment plan for the property.

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 property 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 property owner and may require an updated corrective action plan. Failure to transfer the agreement to the new owner will terminate the original TSA.

In the event a prospective business purchases a qualifying property during the effective period of the Vacant/Blighted Industrial Property TSA nothing shall preclude that business from applying for tax stabilization under the City's Industrial Property Tax Stabilization Policy guidelines. If approved, this new TSA will immediately replace the original TSA, which will terminate.

## **VI. Application Process**

The RRA will serve to collect all relevant information in the form of a Vacant/Blighted Industrial Property TSA application from the new or existing property owner seeking to enter into a TSA with the City.

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

Representatives of the current property owner or purchasing entity will be notified of all meetings and required to participate in all proceedings. Applicant may refute, rebut, or support any findings or recommendations provided by the RRA to the BOA as related to their application.