

**TOWN OF ESSEX SELECTBOARD  
COMMERCIAL\INDUSTRIAL\MIXED USE  
TAX STABILIZATION POLICY**

Adopted by Town of Essex Selectboard

November 3, 2003

Revised March 19, 2007

Revised May 15, 2017

**Statement of Purpose:**

The Town of Essex (hereafter the “Town”) desires to encourage quality and sustainable economic development in the community. It shall be the policy of the Town to consider tax stabilization agreements for development and re-development projects, which encourage long term, quality economic development projects in the Eligible Areas as defined below. To that end, the purpose of this tax stabilization policy is:

1. To encourage the creation and retention of quality job opportunities in the Town including the Village of Essex Junction, and
2. To encourage the long-term growth and the diversification of the Town’s tax base including the Village of Essex Junction, and
3. To encourage re-development of existing commercial properties, and
4. To maintain and/or enhance the quality-of-life in the entire community.

**Definitions:**

***Applicant:*** Any person or business, including a corporation, non-profit corporation, partnership, holding company, limited liability company or proprietorship.

***Eligible Activity:*** Improvements and/or additions to real commercial and/or industrial property, and/or new build commercial or industrial development, and/or the creation or retention of jobs within areas in the Town including the Village of Essex Junction.

***Eligible Area:  
(Outside Village)*** To be eligible for stabilization contracts, projects must be located in one of the following zoning districts on the official zoning map of the Town outside the Village, otherwise known as the Town’s growth centers: Retail Business , Center, Industrial, Mixed Use, Mixed Use PUD, Mixed Use Commercial, Residential Business, and Resource Preservation District-Industrial

***Eligible Area:  
(Village)*** To be eligible for stabilization contracts, projects must be located in the designated Village Center, mixed commercial, TOD District, Highway Arterial District, Light Industrial District, Mixed

Commercial Use District, and/or heavy commercial zones on the official zoning map of the Village of Essex Junction.

***Fair Market Value:*** The value of an identified parcel within the Town of Essex as determined annually by the Essex Assessor.

**Tax Stabilization Agreement Criteria:**

Recognizing the likelihood of continued commercial and industrial growth in the Town, the Town also recognizes the need for this policy to assure that the growth which occurs does not place an undue burden on the infrastructure and resources of the community, including, but not limited to, police, fire, water and sewer, emergency medical, library, recreation, and public health services. To that end, the Selectboard will consider tax stabilization agreements for development projects provided that at least one of the following three criteria are met:

1. The project will result in either significant job creation or significant job retention within the Town of Essex.
2. The proposed reduction in taxes for a specified amount of time is found to be in the best interests of the Town to further the general planning goals of the Town outside the Village and/or the Village of Essex Junction and will not result in an unreasonable burden on the provision of essential municipal services.
3. The proposed project is determined to be essential to stimulating development or re-development of a growth center or a downtown as defined by 24 V.S.A., Chapter 76A, Section 2790 or 2791.

**Limitations:**

It is the policy of the Town to enter into a contract for periods not to exceed ten years on new, or improvements or additions to, commercial or industrial property for the purpose of fixing the amount in money which shall be paid as an annual tax upon such real property pursuant to the provisions of 24 V.S.A., Section 2741.

**Eligibility:**

It is the policy of the Town that a person or a business (a Vermont corporation, non-profit corporation, partnership, cooperative, or proprietorship) may apply for a tax stabilization agreement contract for locating and/or expanding or improving in an Eligible Area Eligible projects that will be considered by the Selectboard include those that provide improvements to real property or the creation/retention of jobs in Essex, by applicants within eligible designated areas who are not delinquent on any tax or utility account with the Town and/or the Village of Essex Junction, State of Vermont, or United States Government.

Applications for a tax stabilization contract for the fiscal year immediately following the year of the application should be received by the Town Manager's office at 81 Main

Street by no later than 4:00 PM of the first business day on or after the 1<sup>st</sup> of December in a given fiscal year. Applications received after 4:00 PM on the first business day after December 1<sup>st</sup> will only be reviewed and approved by the Selectboard at the Board's discretion.

### **Tax Stabilization:**

It is the policy of the Selectboard to use this tax stabilization policy to provide an incentive to applicants for undertaking new, incremental economic development projects in the Town. Within that context, the Selectboard will generally not consider or approve proposed tax stabilization contracts for projects which have already begun prior to the date of application. In those cases where applicants request stabilization from the Town for projects already underway at the time of application, the Selectboard may elect to approve the proposed stabilization contract with appropriate adjustments for the value of any work undertaken prior to the proposed contract's application date or date of approval by the Selectboard.

It is the policy of the Selectboard to review a tax stabilization contract application and approve or disapprove a proposed contract based on the individual merits of each application and the project's consistency with this tax stabilization policy. The Selectboard prefers to review each application on a case-by-case basis and propose formats and terms, which reflect the requirements or needs of each individual application. Agreements may be entered into for a period not to exceed 10 years pursuant to the Town's charter amendment as of March 5, 1996, as adopted by the Vermont General Assembly on April 24, 1996, and generally apply to reductions of incremental tax liabilities resulting from incremental growth in the Fair Market Value of real property or reductions of the Municipal portion of taxes. All agreements shall be recorded in the Town of Essex land records.

### **Re-Capture:**

It is the policy of the Selectboard that applicants for stabilization contracts be held accountable for representations made in the stabilization contract application process in order to protect the interests of Town taxpayers. The Selectboard may include, as part of the stabilization contract, conditions relating to the performance in exchange for prescribed tax reductions. By agreeing to the contract, applicants agree to undertake the real property improvement or other economic development activity (such as the creation or retention of job opportunities) according to the parameters of the contract. Failure to perform on the part of the applicant could result in the recapture of all or part of the tax savings with appropriate interest and penalties as prescribed by the agreement. Said deferred obligation shall be a tax lien on the real estate until paid.

If the Town of Essex determines that the applicant has supplied false or misleading information, or has not abided by any conditions of the agreement, the Town shall have the right to re-capture some or all of the tax savings.

If an authorized company substantially curtails its trade or business (as defined above), then for any such year and all succeeding years, any tax reduction shall be disallowed and the taxes shall be recaptured in accordance with the following table:

<i>Years between close of tax year When tax reduction was provided And year company became ineligible:</i>	<i>Percent to be recaptured:</i>
Two or less	100%
More than 2, up to 4	50%
More than 4, up to 6	25%

In either instance, the Town of Essex will provide written notice to the company that the tax stabilization agreement will be terminated unless the situation is remedied by a date certain.

***Reporting:***

Signatories of tax stabilization contracts shall provide to the Town, on June 1 of every year, all relevant information pertaining to the progress made on satisfying the performance requirements of a tax stabilization contract. This information shall be provided in writing to the Town Manager at 81 Main Street and be received at the Town Manager's office by no later than 4:00 PM on June 1 or on the first business day immediately following June 1, whichever is later. There is no specific format for the transmittal of this information, except that the written report (e.g. correspondence) indicate the signatory's progress on all performance parameters identified in the stabilization contract.